

Message Text

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14

ACTION ARA-10

INFO OCT-01 ISO-00 EB-07 OMB-01 AGR-05 TRSE-00 AID-05

CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 USIA-06 XMB-02

OPIC-03 SP-02 CIEP-01 NSC-05 SS-15 STR-04 CEA-01 L-03

H-02 IGA-02 ABF-01 /086 W

----- 112069

R 032220Z SEP 76

FM AMEMBASSY SANTO DOMINGO

TO SECSTATE WASHDC 8168

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E.O. 11652: N/A

TAGS: EFIN, EAID, DR

SUBJ: PL 480 OUTLOOK AND ARREARAGES

REF: STATE 218591

1. TIMELINESS AND CONTENT REFTEL MUCH APPRECIATED.

2. AMBASSADOR MET WITH PRESIDENT BALAGUER AT NOON TODAY FOR ABOUT AN HOUR AND A HALF. A SUBSTANTIAL PORTION OF THE MEETING WAS DEVOTED TO THE SUBJECT. AMBASSADOR REVIEWED WITH BALAGUER INESPRE'S ESTIMATE OF ABOUT US DOLS 46 MILLION FOREIGN EXCHANGE REQUIREMENTS FOR FOOD IMPORTS DURING THE BALANCE OF CY 76 AND CY 77. AMBASSADOR POINTED OUT THAT THIS DEMAND FOR FOREIGN EXCHANGE MIGHT BE SOMEWHAT ALLEVIATED DURING 1977 WERE THE DOMINICAN REPUBLIC TO BE ELIGIBLE FOR AND INCLUDED IN THE FY 77 PL 480 PROGRAM. STRESSING THAT HE COULD NOT GUARANTEE THAT THE DR WOULD BE INCLUDED IN ANY PL 480 PROGRAM, EVEN AS MODEST AS PERHAPS US DOLS 5,000,000, THE AMBASSADOR LEFT NO DOUBT IN BALAGUER'S MIND THAT EH DR WOULD NOT EVEN BE CONSIDERED UNTIL PL 480 ARREARAGES WERE PAID AND THE ACCOUNT KEPT CURRENT. AMBASSADOR ALSO URGED UPON BALAGUER THE IMPORTANCE OF PAYING BY SEPT 30 THE DOLLARS 1.93 MILLION DUE

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JUNE 30. FINALLY, AMBASSADOR SUGGESTED THAT BALAGUER COULD

ELECTRIFY WASHINGTON AGENCIES AND IMPROVE HIS REPUTATION AND CREDIT WORTHINESS MIGHTILY IF HE WERE TO PAY THE ENTIRE DOLLARS 4.2 MILLION OF 1976 ARREARAGES NOW.

2. IN REPLY, BALAGUER NOTED THAT SEPTEMBER WAS A PARTICULARLY BAD MONTH BECAUSE OF THE HEAVY FOREIGN EXCHANGE OUTFLOW. AMBASSADOR RETORTED THAT IT WAS UNMISTAKABLY IN GODR'S INTEREST THAT SOME OF THE SEPTEMBER FOREIGN EXCHANGE FLOW IN OUR DIRECTION. AFTER FURTHER EXCHANGES WHICH AMOUNTED TO MORE OF THE SAME, BALAGUER SAID HE WOULD CONSULT CENTRAL BANK GOVERNOR PERICHE TO SEE WHAT COULD BE DONE AND UNDERTOOK TO CALL AMBASSADOR IN NEXT WEEK FOR REPLY.

3. COMMENT: AMBASSADOR DID NOT "STRESS THE IMPORTANCE OF BALAGUER'S AUTHORIZING A PERMANENT SYSTEM UNDER WHICH GODR AUTHORITIES CAN KEEP CURRENT ON ITS PAYMENTS TO USG" BECAUSE (A) IT WAS TACTICALLY PREFERABLE TO KEEP BALAGUER FOCUSSED UPON PAYING THE ARREARAGES AND NOT PERMIT HIM TO ESCAPE INTO THE MAZE OF THE WORKINGS OF GODR ADMINISTRATION AND (B) BALAGUER IS HIS OWN FINANCE MINISTER (AS HE HAS ALWAYS BEEN) AND IS MOST UNLIKELY AT THIS STAGE TO ALTER PROCEDURES BY DELEGATING AUTHORITY AS REFTEL SUGGESTS. WE SHALL WORK SOMETHING OUT WITH HIM TO ENSURE THAT HE IS FULLY INFORMED WELL IN ADVANCE OF DUE DATES FOR DEBTS DUE THE USG. THIS IS THE MOST THAT CAN BE EXPECTED. WE AGREE FULLY THAT THERE SHOULD BE NO US FAVORS TO BALAGUER FOR DOING WHAT HE SHOULD BE DOING ANYWAY AND WE SHALL ENSURE THAT SUCH WILL BE THE CASE. HURWITCH

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Margaret P. Grafeld
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